

Department of Human Resource Management (DHRM)
Office of Health Benefits

Annual Report FY 2017

Major projects for DHRM's Office of Health Benefits (OHB) in fiscal year 2017 included implementation of two programs resulting from General Assembly legislation enacted the prior year. House Bill 1345 made changes to the Line of Duty Act (LODA), transferring LODA participants' health benefits administration to DHRM and benefits eligibility to the Virginia Retirement System (VRS) effective July 1, 2017. LODA had been administered by the Department of Accounts (DOA).

Senate Bill 364 directed DHRM to develop a plan for local jurisdictions with benefits similar to those for state employees to take effect on July 1, 2018. DHRM held webinars with stakeholders during the year, collected data from local governments, schools and other entities interested in the program, and published preliminary rates.

The OHB staff also spent a significant amount of time working to comply with the federal Affordable Care Act's employer reporting mandate and non-discrimination rules, helped increase awareness of the new Capitol Square Healthcare health and wellness center's services, and handled more than 7,000 customer service issues. The health state health plan had a customer satisfaction rating of 91.9 percent for the year.

Line of Duty Act (LODA) Changes Implemented

The LODA legislation passed in 2017 and signed by the Governor was an effort to streamline administration of the program for the families of public safety officers killed or injured in the line of duty, and increase its cost effectiveness. According to a 2014 study by the Judicial Audit and Review Commission (JLARC), the costs of the program were becoming unsustainable.

Due primarily to an increase in disabled beneficiaries, the expense had more than doubled since FY 2006 and was expected to double again in the next 10 years, from \$16 million in FY 2015 to \$34 million in 2024. Because of their circumstances, some LODA beneficiaries were enrolled in individual health insurance plans, which cost on average about 25 percent more than state or local health plans.

A team consisting of representatives from OHB, VRS and DOA worked many months to implement the changes. There was no staff budgeted for the transition, so all LODA team members took this work on in addition to their regular jobs. They had to:

- Redefine processes and procedures.
- Establish communications among DHRM, VRS and DOA to make the new program administration transition as seamless as possible.
- Communicate to the families of public safety officers in localities (76%) as well as those working for the state (24%).
- Keep in mind the sensitivities of approximately 1,300 anxious participants transitioning to a new health plan and new program eligibility guidelines.

Team members achieved their goals and much more, establishing trust with families who have endured so much. They worked closely together to set up new processes and communications,

and sent participants information this spring on how to apply for the new LODA health benefits plan beginning July 1.

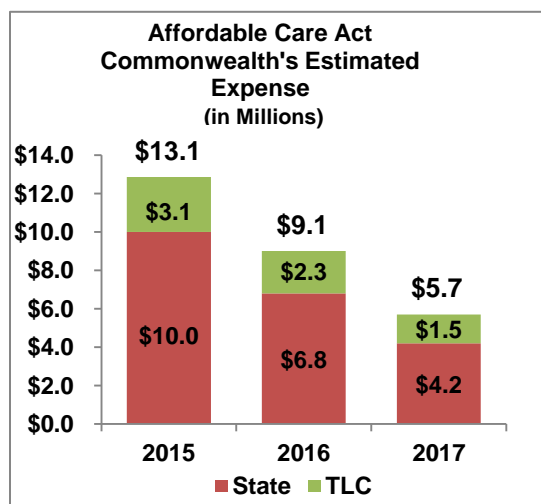
COVA Local Plan Developed

In August 2016, DHRM held webinars for local governments, school systems, state constitutional officers and other stakeholders on a proposed self-insured local option health plan modeled after the state COVA Care and COVA HDHP plans. The purpose was to obtain feedback on

Local Option Health Insurance Program				
	# of Groups	# Enrolled Employees	# Enrolled Dependents	# Total Enrollment
ROUND 1				
• Declared non-binding preliminary Interest	247	109,510	108,560	218,070
• Submitted required data	209	100,128	99,394	199,522
ROUND 2				
• Declared non-binding preliminary Interest	101	37,187	33,960	71,147
• Submitted required data	TBD	TBD	TBD	TBD
ROUND 3				
• Declared BINDING Interest	TBD	TBD	TBD	TBD

program development and identify groups interested in what was named the COVA Care Local health plan. Stakeholders gave input on financial impact, eligibility, timing, administrative guidelines and development of system processes. They participated in two rounds of surveys regarding participation and preliminary rates based on prospective group demographics and claims experience. Preliminary rates were published, and local groups will make a final determination in late 2017 on whether to participate. The chart above shows preliminary interest as of April. By the end of June, 12 local groups were no longer interested in participation, bringing the total to 89 groups representing 33,519 enrolled employees and 30,255 enrolled dependents. Additional communication is planned.

Additional Affordable Care Act (ACA) Requirements Applied to Program



In addition to other requirements of the ACA, the Office of Health Benefits implemented nondiscrimination regulations in FY 2017 and complied with employer mandate reporting. ACA-related expenses have cost the Commonwealth an estimated \$27.9 million since FY 2015.

In accordance with regulations, the state health plans will be fully compliant with ACA Section 1557, Non-discrimination in Health Programs and Activities, effective July 1, 2017. OHB posted a Nondiscrimination Notice on the DHRM website earlier in the year, which will accompany certain materials distributed to health plan members.

In early 2017, employers were required to report health coverage to employees and the Internal Revenue Service (IRS). On behalf of agencies, DHRM filed Form 1094 forms with the IRS to report employer compliance with the employer mandate, achieved with no rejections by the federal government. The agency also mailed more than 163,000 1095 B & C forms in January 2017 to state employees, and local government and school employees under The Local Choice (TLC) health benefits program, informing them whether they had minimum essential coverage.

Capitol Square Healthcare Gets High Marks in Employee Satisfaction

Since its launch in May 2016, the Capitol Square Healthcare health and wellness center for state employees has averaged a 98 percent ranking in employee satisfaction. There were nearly 1,500 employee visits to the clinic during FY 2017. The clinic staff, including full-time Medical Director Latrina Lemon, MD, and a nurse practitioner, saw almost 1,400 patients. A partnership with Virginia Commonwealth University, the clinic is an innovative idea to ensure that state employees have every opportunity to be healthy. Members may also consult a full-time health coach in making lifestyle changes or managing chronic illness. The cost of services depends on individual health coverage.



Top Issues Addressed and Staff Expanded

During FY2017, the OHB staff handled 7,250 health benefits inquiries and 126 appeals. The top issues for cases were Open Enrollment, eligibility and qualifying mid-year events. Claims, administrative and eligibility issues were the most frequent subjects of appeals to the program. In order to meet program challenges, OHB added two staff members in FY2017: a program benefits analyst for Information Systems and a senior health benefits specialist to assist with The Local Choice (TLC) program. The Information Systems team handled nearly 20,300 state Open Enrollment transactions, along with about 1,300 enrollments in the LODA health benefits program and 2,100 transactions for TLC.

As of June 30, TLC covered 72,000 employees, family members and retirees with 345 contracts covering more than 435 eligible political subdivisions, local governments, school systems and other jurisdictions. Historically, more than 99 percent of TLC groups renew each year. In the past year, nine new employers have joined the program. More than 370 individuals attended meetings to educate TLC group executives and Benefits Administrators about the TLC health benefits program.